Government of Saskatchewan

Annual Report 2002 - 2003

Saskatchewan Justice

Farm Land Security Board

Saskatchewan
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Letter of Transmittal

June 4, 2003

Honourable L. M. Haverstock
Lieutenant Governor of Saskatchewan

May It Please Your Honour:

I have the honour to submit to your Honour the Annual Report of the Farm Land Security Board for the year ending March 31, 2003.

Respectfully submitted,

The Honourable Eric Cline
Minister of Justice and
Attorney General

Letter of Transmittal

June 4, 2003

The Honourable Eric Cline
Minister of Justice and Attorney General
Room 355, Legislative Building
Regina, Saskatchewan

Dear Sir,

I have the honour to submit for your consideration the Annual Report of the Farm Land Security Board for the year ending March 31, 2003.

During the past twelve months, the Board has been active discharging its legislative mandate in the three key areas of farm foreclosure, home quarter protection and farm ownership. Unfortunately, climactic conditions and economic pressures outside producers control continue to plague the entire agricultural sector and the province at large. While Saskatchewan people work to respond to these challenges, *The Saskatchewan Farm Security Act* has provided support to farm families struggling with debt and facilitated the immigration of others who will invigorate our rural landscape.

Wide-spread drought during the 2002 growing season coupled with deterioration of both the cattle and hog markets leads the Board to speculate that farm foreclosures will increase during the coming year. Home quarter protection waiver applications are reflecting increased lending activity for the purpose of debt consolidation. Soft agricultural economic performance in recent years and poor income prospects for 2003 contribute to this activity.

Regarding farm ownership issues, the public debate about non-resident ownership acreage limits which began in 2001 emerged in the legislature and in deliberations of the Standing Committee on Agriculture before whom the Board was pleased to appear in June of 2002. Ultimately legislative amendments were proclaimed in January of 2003 which eliminated acreage limits for Canadians and modified the acquisition restrictions for certain Canadian-owned corporations. To date, the Board has not observed a significant increase in land acquisition by non-residents which might have been prompted by the statutory change, however improved economic and moisture conditions may be the additional incentive potential investors or new residents are awaiting.

The Board has also continued to promote dialogue between people, agencies and government departments on the issue of conservation land acquisition within our agricultural landscape. A public hearing was conducted in February 2002 with respect to an application to purchase land in the Colonsay area. A broadly based consultation meeting inviting suggestions regarding the Board's process for adjudicating exemption applications to facilitate purchase of land for conservation purposes was also held in November 2002. During the coming year, the Board expects to implement a new process intended to facilitate consultation between conservation agencies and the people who live and labour in the rural communities directly affected by conservation land acquisition and management.

We trust the attached report will illustrate the varied activities of the Board, its field staff and administrators during the past year. We appreciate the opportunity to be of service.

Respectfully submitted,

Leslie Belloc-Pinder
Chair

Organizational Overview of Farm Security Programs

Mission Statement

It is the mission of the Farm Land Security Board to effectively deliver Saskatchewan Justice Farm Security Programs in a manner responsive to the needs of the broad rural community. These programs have been instituted to support family farms during periods of financial difficulty and to stabilize the economic and social environment in rural Saskatchewan.

Governing Legislation

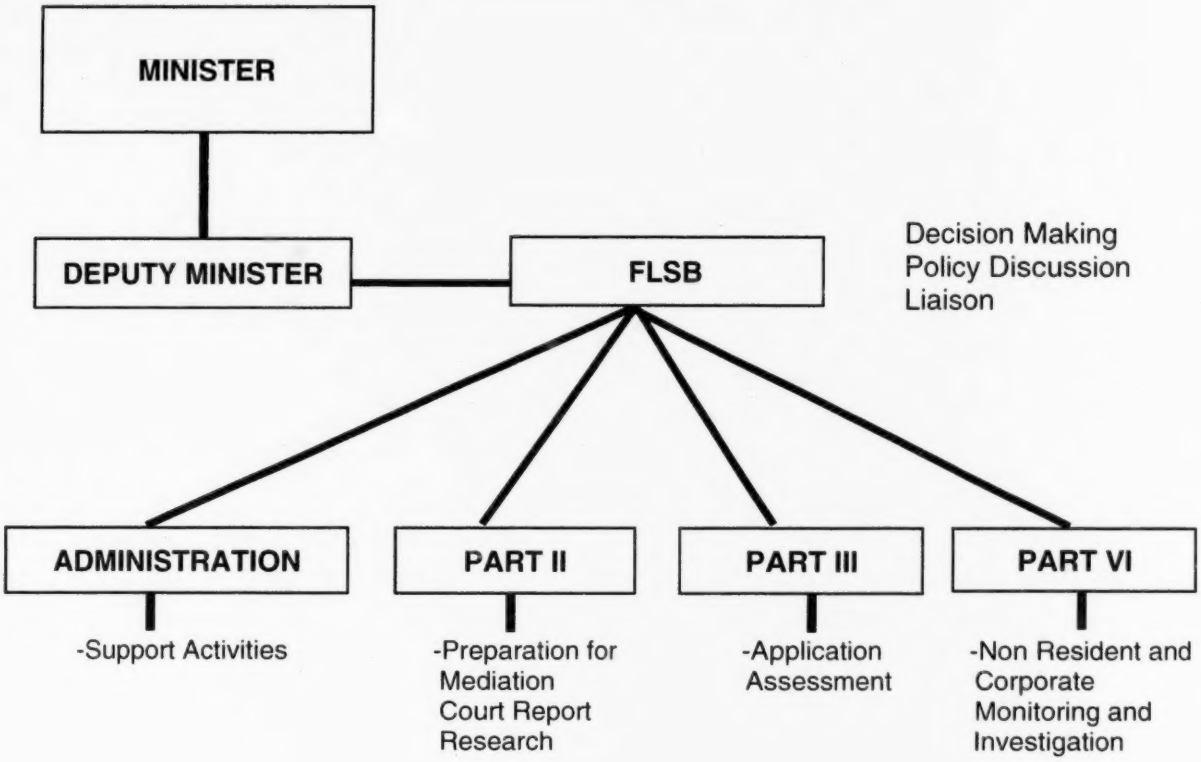
Saskatchewan Justice Farm Security Programs are governed by *The Saskatchewan Farm Security Act* and its regulations. The Farm Land Security Board is established by the *Act*.

The Farm Land Security Board is mandated under Part II of the Act to oversee the process which occurs prior to a foreclosure action proceeding on farm land. The process is supportive. The farm family in financial difficulty is provided the benefits of independent financial analysis and mediation. Ultimately, the Board's advice to court may influence the course of an application to commence foreclosure proceedings.

Part III, Home Quarter Protection, of the *Act* allows the Board to exclude a mortgage from Home Quarter Protection when it is "in the best interests" of the farmer. The Board, in doing so, does not take a narrow view of these interests but consults with the borrower on all aspects of the farm business.

Objectives of Part VI, Farm Ownership, are to deliver the mandate of preserving Saskatchewan farm land for ownership and operation by Canadian residents and entities while remaining open and sensitive to the broader needs and opportunities of our province. This is accomplished by its daily contact with agricultural producers, agricultural and non-agricultural corporations and non-residents.

Organizational Overview of Farm Security Programs



Members of the Farm Land Security Board in the 2002-2003 fiscal year were:

Leslie Belloc-Pinder, Chair
Bill Turner, Vice-Chair
Ferne Nielsen
Vic Bruce
Larry Kopan

The Board employs managerial and support staff in Regina as well as contractual Field Consultants located around the province.

Dan Patterson - General Manager
Dick Wellman - Manager, Home Quarter Protection and Farm Foreclosure
Jim Chernick - Manager, Farm Ownership

Program Objectives, Activities and Impacts

Part II Farm Foreclosures

Mandate:

Part II of *The Saskatchewan Farm Security Act* has the stated purpose "to afford protection to farmers against loss of their farm land." Before proceeding to court, the Act requires all lenders or writ holders to first provide notice to the farmer and to the Farm Land Security Board respecting their intention to foreclose. The Act provides a review and mediation mechanism to assist the parties' efforts to find a settlement. If mediation is not successful, the Act requires the Board prepare a report for the court which provides an opinion on questions stated in the Act, and any other matter the Board feels is relevant. The statutory period allowed for the above is 150 days.

The program helps farmers facing foreclosure by clarifying their financial situation and assisting them in understanding their legal rights and obligations. These activities help establish achievable expectations and objectives for farmers as they enter the mediation process.

The program was also designed to assist the court in its determination of whether allowing foreclosure to proceed would be "just and equitable." The Board's report to the court provides insight into the personal and financial circumstances of the farm family. As well, because some aspects of Home Quarter Protection legislation are linked to the Board's opinion in the report, important legal support for farm families hinges on the report's conclusions. The Act directs the court to give the report primary consideration.

Resources:

$357,000 is attached to the delivery of Parts II and III under the Act, exclusive of general administration overhead and Board meetings. 2.0 full-time equivalent employees and 30 contract field consultants work in these programs. In June of 1998 the Farm Land Security Board and the Federal Farm Debt Mediation and Consultation Services arranged to cross-contract its field consultants. This reduced program duplication and improved continuity of service for farmers involved in both programs.

Objectives:

The primary objective of the program is to assist farmers facing foreclosure to understand and resolve their financial problems thereby keeping farmers on the land and in rural communities.

Activities:

Field Analysis and Mediation Preparation

Following receipt of a Notice of Intention to Foreclose, the Board assigns the matter to a field consultant. It is the field consultant's responsibility to meet with the farm family to adequately prepare them for the mediation opportunity. This preparation includes a review and analysis of the farm family's financial situation. Discussions about their personal and financial situation and their legal rights and obligations occur. Through these discussions the field consultant helps the family establish goals for the mediation process and beyond. A financial report is produced and provided to the farmer, the mediator and the creditor. The consultant will accompany the farmer to the mediation meeting acting as a resource and a support for the family.

Program Objectives, Activities and Impacts

When the review and mediation activities do not find a suitable solution, the creditor may ask for the Board's report to the court. Upon receiving such a request, the Board prepares a report in accordance with the Act. It may meet with the parties involved.

Impacts:
Since the program inception in 1985 the Board has dealt with 9,707 farms threatened by intended foreclosure. Intervention by the Board has avoided the court process in approximately 75% of these situations. Although repayment arrangements are not always achievable, leaseback and exit arrangements benefit some farm families. As well families have benefited from a supportive process. Further detail on the success of mediation can be obtained from the Dispute Resolution Services Annual Report.

PART II - NOTICES	
Fiscal Year	**Notices***
1984-1985	152
1985-1986	565
1986-1987	537
1987-1988	1555
1988-1989	1388
1989-1990	1532
1990-1991	1745
1991-1992	1164
1992-1993	1465
1993-1994	685
1994-1995	598
1995-1996	481
1996-1997	386
1997-1998	342
1998-1999	313
1999-2000	403
2000-2001	405
2001-2002	329
2002-2003	300
TOTAL	**14,345**

* Notices of Intent to Foreclose are submitted on a mortgage basis and may involve more than one mortgage.

Program Objectives, Activities and Impacts

PART II - NOTICES ISSUED BY LENDERS						
Fiscal Year	**FCC**	**ACS**	**Credit Unions**	**Other**	**Chartered Banks**	**TOTAL**
1984-1985	0	8	67	22	55	152
1985-1986	64	10	171	66	254	565
1986-1987	14	47	157	41	278	537
1987-1988	793	49	196	37	480	1,555
1988-1989	808	66	157	41	316	1,388
1989-1990	861	70	201	46	354	1,532
1990-1991	689	74	361	74	547	1,745
1991-1992	290	77	401	37	359	1,164
1992-1993	639	40	389	51	346	1,465
1993-1994	221	103	198	36	127	685
1994-1995	196	154	139	27	82	598
1995-1996	112	196	89	34	50	481
1996-1997	91	155	75	32	33	386
1997-1998	107	83	78	24	50	342
1998-1999	108	43	91	27	44	313
1999-2000	174	27	103	41	58	403
2000-2001	179	18	94	25	89	405
2001-2002	76	31	99	27	96	329
2002-2003	120	8	63	28	81	300
TOTAL	**5,542**	**1,259**	**3,129**	**716**	**3,699**	**14,345**

Observations:

In the 2002-03 fiscal year notices received from the Chartered Banks, ACS and the Credit Unions decreased whereas Farm Credit Canada notices increased. The decrease in total notices received (-8%) is not attributable to improvement in the farm economy.

Program Objectives, Activities and Impacts

Court Reports

The Board's report to the Court provides comprehensive information to the Court, the farmer and the lender when the lender decides to proceed with a court application to foreclose. Although the Board cannot always support a farmer's possibility of meeting his payments, it is usually evident that sincere and reasonable efforts have been made with the resources available.

PART II - COURT REPORTS INITIATED[a]				
FISCAL YEAR	PROVIDING OPINION	PROVIDING NO OPINION[b]	UNCONTESTED FORECLOSURE[c]	TOTAL[d]
1989-1990	230	83	48	361
1990-1991	229	51	117	397
1991-1992	253	39	60	352
1992-1993	258	54	47	359
1993-1994	166	36	34	236
1994-1995	69	34	9	112
1995-1996	75	20	4	99
1996-1997	55	40	9	104
1997-1998	62	32	8	102
1998-1999	66	57	1	124
1999-2000	58	29	5	92
2000-2001	101	42	4	147
2001-2002	84	30	7	121
2002-2003	74	33	8	115
TOTAL	1780	580	361	2721

[a] not all Court Reports initiated by lenders are issued to the Court

[b] Court Report issued when Board's assistance is declined by farmer

[c] reflects mediated arrangements required for legal purposes

[d] 4,201 Court Report requests have been received since January 1, 1985

Program Objectives, Activities and Impacts

Statistical Profile of Farms Receiving Notice of Intent to Foreclose:

Since program inception the Farm Land Security Board has kept a statistical profile of the farmers receiving Notices of Intent to Foreclose and attending mediation. During the 2002/2003 fiscal year, the following profiles were recorded (2001/2002 profiles are in brackets).

Foreclosure Debt

Amount	% of Notices
< $ 20,000	9% (6%)
$ 20,000 - $ 50,000	26% (22%)
$ 50,000 - $100,000	23% (27%)
$100,000 - $200,000	20% (25%)
> $200,000	22% (20%)

Operator Age Range

Age	% of Notices
20 - 30	0% (2%)
30 - 40	15% (11%)
40 - 50	42% (44%)
50 - 60	37% (30%)
60 +	6% (13%)

Enterprise Type		
Mixed	47%	(33%)
Grain	33%	(56%)
Beef	4%	(4%)
Other	16%	(7%)

Farm Organization	
Sole Proprietorship	86% (83%)
Partnership	5% (9%)
Corporation	9% (8%)

Farm Dependents	3%	(3.5%)
Home Quarter Involved in Foreclosure Notice	34%	(43%)

Average Asset Level	$735,000	($660,000)
Average Debt Level	$394,000	($330,000)
Average Net Worth	$341,000	($330,000)

Observations:

As an indication of the amount of financial difficulty present in the farm economy, Notices of Intent to Foreclose do not present the entire picture. Other debt resolution is also undertaken by the federal Farm Debt Mediation Service, Bankruptcy Trustees and by lenders directly with their clients. Federal Farm Debt Mediation legislation has replaced the Farm Debt Review Board and provided a companion program called the Farm Consultation Service to assist farmers meeting financial challenges. A cooperative initiative was completed to amalgamate the federal and provincial field consultant groups to improve continuity between all programs. In the 2002/2003 fiscal year, federal activity in the new programs was high (Farm Debt Mediation Service applications 122, Farm Consultation applications 496).

The trend towards involving larger farms again appears across the above data in this fiscal year. The average asset level of farmers receiving a Notice of Intent to Foreclose has increased from $504,000 (00/01) to $660,000 (01/02 to $765,000 (02/03); amount of debt subject to the notice also continued to increase: from 10% (00/01) in the greater than $200,000 range to 20% (01/02) to 22% (02/03). The operator age range increased in the 50-60 category from 30% to 37% of total notices.

Program Objectives, Activities and Impacts

Part III - Home Quarter Protection

Mandate:

Home Quarter Protection has been a cornerstone of Saskatchewan farm protection legislation since the early 1940s. The protection stays the registration of a Final Order for Foreclosure as long as the farmer continues to live on the homestead. A farmer and a lender may co-apply to the Farm Land Security Board to have a mortgage excluded from this protection. The Board is empowered to exclude the mortgage from protection, when in the opinion of the Board, it would benefit the farmer. The program helps prevent farmers from unnecessarily attaching debt to their home quarter.

Resources:

Part II and III office and human resources are shared. (See Part II for more detail.)

Objectives:

The mandate of this Part is achieved by clarifying with farmers their security options and examining their ability to service the mortgage obligations. Before the Board will order a mortgage excluded from the protection, it must be convinced the farmer can repay the loan, and that other suitable security is not available. Additionally, it must be convinced that any aspect of a loan which appears uncharacteristic of typical lending practices has been fully discussed with the parties.

Activities:

Co-applications are reviewed by Board staff. Staff typically contact the farmer and the creditor as part of their review and may request additional information concerning the farm financial situation. Staff will analyse the farm budget and security options to establish that the loan is affordable and that more suitable security arrangements are not possible. In the most difficult situations the co-application is assigned to a field consultant. The consultant will meet with the farmer and the creditor to prepare a report for the Board.

Program Objectives, Activities and Impacts

PART III - APPLICATIONS RECEIVED	
Fiscal Year	**Co-Applications**
1988-1989	794
1989-1990	1328
1990-1991	1479
1991-1992	1415
1992-1993	1,174*
1993-1994	810
1994-1995	896
1995-1996	833
1996-1997	1038
1997-1998	918
1998-1999	774**
1999-2000	562***
2000-2001	484
2001-2002	469
2002-2003	506
TOTAL	**13,480**

* Activity in the Home Quarter Protection area was affected by the legislative amendments respecting mortgages made solely for the purpose of home quarter purchase or improvement. The amendments removed such mortgages from the protection beginning in September 1992. This is reflected in the reduced number of applications received that fiscal year and in following years.

** A Class Exclusion involving non-farm rural residences was issued in December of 1998. This is reflected in the reduced number of applications received that fiscal year and in following years.

*** A Class Exclusion involving solely farmland purchases was issued in October of 1999. This is reflected in the reduced number of applications received that fiscal year and in following years.

Program Objectives, Activities and Impacts

PART III DISPOSITION OF APPLICATIONS TO WAIVE HOME QUARTER PROTECTION					
Fiscal Year	Order Issued	Special Order Issued	Order Denied	Return/ Withdraw	Total
1992-1993	1,012	81	16	83	1,192
1993-1994	642	72	11	74	799
1994-1995	723	93	9	85	910
1995-1996	625	109	7	82	823
1996-1997	776	157	8	82	1,023
1997-1998	677	158	8	70	913
1998-1999	550	153	10	75	788
1999-2000	216	287	2	69	574
2000-2001	131	304	2	37	474
2001-2002	37	392	0	42	471
2002-2003	135	339	2	29	505

Impacts:

About two thirds of the applications are issued "Special Orders" where the exclusion order identifies and attaches explicit conditions. The condition may be for the creditor to release a home site from the mortgage if the loan fails, or to release the home quarter once the principal is reduced to a specified amount. Special orders also allow the Board to deal with mortgages which are not sum certain or loan specific. The special order avoids replacing or amending the mortgage.

During the 2002/2003 fiscal year the Board redrafted its exclusion order to make it more suitable for revolving credit loans, to improve administrative efficiency and to respond to the now common use of "All Purpose Collateral Mortgages". (This type of mortgage encompasses all existing or future debt with the institution including operating or credit card debt.) All purpose collateral mortgages will no longer be issued a "Special Order" unless the Board attaches an explicit condition.

A decision to refuse to exclude a mortgage from the protection only occurs after clear evidence that either the loan is not serviceable or that other satisfactory security options are available.

Rather than deny an application the Board will work with the parties to find acceptable alternatives. Only 1% of applications are denied.

Program Objectives, Activities and Impacts

In today's environment of high farm debt and low operating margins the Board's activities have helped ensure that the debt obligations are serviceable when the homestead is involved. Its activities have also ensured more "farmer friendly" options for securing the debt have been implemented where possible. These activities have increased farmer knowledge of risk management This will contribute to the stability of rural communities in the future.

Observations:

The number of co-applications to waive Home Quarter Protection in the 2002/2003 fiscal year increased slightly (7%) from the previous year.

A review of the applications found 46% were for debt restructure vs 38% last year. Construction applications dropped to 12% from 17%. These are a reflection of a weaker agricultural economy in the 2002/2003 fiscal year.

Program Objectives, Activities and Impacts

Part VI - Farm Ownership

Mandate:

This legislation is designed to ensure that non-resident or corporate control of Saskatchewan farm land does not negatively affect the interests of resident producers or the economic and social development of the province.

Resources:

$79,000 was expended on the delivery of Part VI activities under the Act, exclusive of general administrative overhead and Board meetings. 1.4 full-time equivalent employees and one contract field consultant work in this program.

Objectives:

The Board seeks to preserve ownership and operation of Saskatchewan farm land by residents through ensuring compliance with farm ownership legislation. The Board also maintains an internal objective to remain current in the area of agriculture and land related issues. This contributes positively to its decisions regarding land ownership.

Activities:

Responsibilities of the Board include the granting or denial of applications for exemption or extension, issuing Orders for Divestment, recommending Court action for violation of the Act's provisions, and generally advising the government on farm ownership issues. Where individuals or corporations acquire or plan to acquire holdings which exceed that allowed by statute, the Board considers the interests of all affected parties in making its determinations. Staff assigned to this aspect of the program monitor all changes of title respecting agricultural land in the province. As well, corporate documents of land holding companies are reviewed to assess any changes in share structure that would result in non-resident individuals or non-agricultural corporations having an interest in farm land.

A. Activity Summary:

Staff investigated and processed applications for exemption and applications for extension in order to achieve compliance with the legislation. An application may result in the granting of more than one exemption. In addition, staff responded to personal or written inquiries.

B. Activity Detail:

The Board monitored all changes of interest in rural land in the province. 29,218 transfers totalling 3,889,430 acres were monitored. The total number of transfers in the previous year was 24,382; total acreage involved was 3,828,640 acres. During 2002-03 local Land Titles Offices were phased out with the establishment of the Information Services Corporation. The new computerized registration processes resulted in duplicating jointly held titles and splitting consolidated titles. This creates more transfer units. Accordingly, it is not possible to directly compare transfer statistics from the two systems.

Program Objectives, Activities and Impacts

The following table illustrates the number of transfers to various categories of individuals and corporate entities. As illustrated, the majority of transfers involving Saskatchewan farm land are to residents of the province.

2002/2003 TRANSFER STATISTICS

Category of Transferee	Number of Transfers	Acreage	Percentage of Transferred Acres
Saskatchewan residents			
Land Titles Offices	3,496	560,720	75
Information Services Corp.*	18,591	2,372,395	
Non-resident (Canadian)			
Land Titles Offices	393	68,314	7
Information Services Corp.	1,601	210,127	
Non-resident (Non Canadian)			<1
Land Titles Offices	16	1,858	
Information Services Corp.	152	21,831	
Lending Institutions including Crown Lenders			<1
Land Titles Offices	13	1,416	
Information Services Corp.	134	15,920	
Government (including non-lending Crown Corporations)			1
Land Titles Offices	102	19.645	
Information Services Corp.	325	23,201	
Corporations			15
Land Titles Offices	694	121,875	
Information Services Corp.	3,701	472,128	
Total Land Titles Offices	4,714	773,828	100
Total Information Services Corp.	24,504	3,115,602	
TOTAL	**29,218**	**3,889,430**	

* Computerization of the Land Titles System has created anomalies in the reporting of transfer statistics. Transfer units are different in the new system because consolidated and joint titles are split.

Program Objectives, Activities and Impacts

C. Non-Resident and Corporate Acquisitions

In this fiscal year, non-Saskatchewan residents acquired title to 302,130 acres. This is an increase of nearly 60,000 acres over the previous year, most of which can be attributed to an increase of approximately 50,000 acres acquired by Canadians outside Saskatchewan.

This may be reflective of relatively lower priced land in Saskatchewan and the anticipation that farm ownership regulations would be relaxed as they eventually were on January 1, 2003.

In this fiscal year, corporations acquired an interest in 594,003 acres. The majority of the land was acquired by Saskatchewan producer-owned corporations engaged in the business of farming.

ACQUISITION STATISTICS*

	NON - RESIDENT		CORPORATE	
Year	Transfers	Acres	Transfers	Acres
1997 - 1998	1,404	247,761	4,488	768,360
1998 - 1999	1,413	247,919	4,458	744,174
1999 - 2000	1,592	279,373	3,550	604,160
2000 - 2001	1,469	256,283	3,865	598,350
2001 - 2002	1,456	244,154	3,815	630,443
2002 - 2003	2,162	302,130	4,359	594,003

* Includes land transferred to financial institutions and land acquired through the Treaty Land Entitlement process.

The Board has the authority to consider applications for exemption which, if approved, allow non-eligible individuals or non-agricultural corporations to have or acquire a land holding in excess of that allowed under the farm ownership provisions of *The Saskatchewan Farm Security Act*. Denials were primarily based on the Board's conclusion that the intended acquisition would be contrary to the longer term interests of Saskatchewan people. The following table summarizes the Board's activity in applications for exemption.

Program Objectives, Activities and Impacts

There are several general categories of requests for exemption the Board receives.

Purchaser Intending to Reside The Board regularly considers exemption requests by non-residents who plan to move to Saskatchewan and are acquiring land in advance of their residency.

Border Farm In many cases a farm operation straddles the Saskatchewan border and the farmer resides within a reasonable distance of the border to be considered part of a Saskatchewan community. Exemptions facilitate this reality of land holding patterns in border areas which the Act otherwise would restrict.

Intensive Livestock Many intensive livestock enterprises are organized as limited partnerships or corporations that for the purposes of the Act require an exemption to hold more than 10 acres.

Commercial Development Many commercial undertakings require farm land to develop industrial plants, grain terminals and mining operations.

Investment - family and non-family support In some cases residents have obtained assistance from non-residents to re-acquire their farms from financial institutions or have accessed capital to start a new farm venture.

Investment - farming In these cases non-resident people actively farming their own land reside in communities outside of Saskatchewan. Several exemptions involve residents of Medicine Hat, Alberta who farm in western Saskatchewan.

Inheritance/Estate Planning To facilitate estate planning involving transfers of farm land to non-resident beneficiaries exemption requests are considered. Exemptions granted for this purpose generally corresponded with the five year period allowed for divestment in the Act.

Wildlife/Conservation Most organizations acquiring land for wildlife and conservation purposes must apply for exemption. Issues involving the acquisition of farm land to be idled by conservation organizations, most notably Ducks Unlimited Canada, continued to challenge the Board in balancing agricultural and wildlife interests.

Interpretation by Policy Several common situations encountered by the Board would not require exemptions except for their legal structure. These include corporations that would otherwise qualify as Agricultural Corporations but for the insertion of a holding company. Another category is small corporations owned by Canadian residents that require an exemption, these corporations are limited to a land holding of ten acres. Had the acquisition been completed as an individual 320 acres could be acquired without an exemption. Finally, spousal acquisitions are provided exemptions to allow each spouse to acquire 320 acres in order to comply with The Saskatchewan Human Rights Code.

Program Objectives, Activities and Impacts

EXEMPTION STATISTICS								
Exemption Category	Granted		Acres		Denied		Acres	
	'02-'03	'01-'02	'02-'03	'01-'02	'02-'03	'01-'02	'02-'03	'01-'02
Purchaser Intending to Reside	14	32	15,433	36,887	0	2	0	310
Border Farm	8	17	5,560	8,560	0	0	0	0
Livestock – Hogs	2	2	1,270	3,339	0	0	0	0
Livestock – Dairy	0	0	0	0	0	0	0	0
Livestock – Poultry	0	1	0	160	0	0	0	0
Livestock – Beef	0	1	0	960	0	0	0	0
Livestock – Other	0	1	0	203	0	0	0	0
Grain	0	0	0	0	0	0	0	0
Livestock (Extensive)	0	0	0	0	0	0	0	0
Commercial – Mining/Forestry/Petroleum	2	7	320	1,657	0	0	0	0
Commercial – Grain Handling	4	4	506	1,247	0	0	0	0
Commercial – Transportation	0	1	0	180	0	0	0	0
Commercial – Property Development	0	1	0	150	0	0	0	0
Commercial – Other/Charities/Research	1	6	160	1,730	0	0	0	0
Family Support	3	15	1,364	13,757	0	1	0	320
Non-Family Support	2	2	5,325	824	0	0	0	0
Real Estate	2	7	950	920	2	0	11,198	0
Farming	3	15	640	7,780	0	2	0	1,920
Inheritance/Estate Planning	17	15	7,040	6,414	0	1	0	310
Wildlife	6	77	1,737	18,811	3	0	480	0
Conservation	20	13	17,790	8,640	0	0	0	0
Policy – Layered Ag Corp	0	2	0	640	0	0	0	0
Policy – Spousal Acquisition	6	7	1,443	1,424	0	0	0	0
Policy – Qualify as Individual	6	7	2,030	1,790	0	0	0	0
Lender Extension	2	3	960	37,600	0	0	0	0
Termination	0	0	0	0	0	0	0	0
Total	98	236	62,528	153,673	5	6	11,678	2,860

Program Objectives, Activities and Impacts

E. Applications for Extension

Financial institutions acquired a total of 17,336 acres through debt resolution during this fiscal year, as compared with 13,333 last fiscal year. A creditor acquiring agricultural land through the realization, quit claim, settlement or other disposition of its security, is permitted to retain that land holding for a period of two years. The Board has the authority to extend the two year period allowed creditors.

The preference of financial institutions is to divest of farm land they have recovered. They have generally been willing to cooperate with the Board in providing leasing arrangements, if necessary, for the farmers who gave up ownership of the land when land cannot be sold.

In the 2002/2003 fiscal year, the Board considered 2 requests for extension received from financial institutions involving 960 acres. Lender land holdings were approximately 73,000 acres at the end of the fiscal year.

F. Accomplishments

The computerization project which is storing file data on a computer data base is continuing.

The Land Sales Database which provides land sales information to businesses and individuals is now accessible on the internet and generated $29,100 in revenue.

The integration of computerized integration of land transfer data from the reorganized land titles system with the Farm Ownership database is an ongoing project.

G. Enforcement Summary

No enforcement issues were being pursued by the Board at the end of the fiscal year.

H. Observations

The 2002/2003 fiscal year saw total land transactions increase marginally over the last fiscal year.

The amount of land acquired by credit institutions increased somewhat over this fiscal year. This is reflective of weather and market difficulties which has financially stressed some farms and resulted in a transfer of mortgage security back to lenders.

Two issues had significant affect on the administration of Farm Ownership legislation this fiscal year. The first was the uncertainty created over possible farm ownership legislative change which was being discussed by legislators and organizations. On January 1, 2003 the uncertainty was resolved by the proclamation of amendments to Part VI of *The Saskatchewan Farm Security Act.* The removal of restrictions on Canadian citizens and residents and on wholly Canadian-owned entities reduced applications received in the last four months of the fiscal year. The anticipation of these changes also appears to have reduced applications over the earlier part of the fiscal year.

The second was controversy in some rural areas over the amount of land being acquired to be idled as wildlife habitat and the impact these set aside lands were having on the rural community. In response to these concerns the Board initiated a process of consultation with agriculture and conservation interests to develop a better process for conservation lands acquisitions. During this period of consultation and assessment the Board has limited the number of approvals of such acquisitions. By the end of the fiscal year this work had advanced to discussion of a range of process models with government departments and agencies that have interests in this issue.

Program Objectives, Activities and Impacts

Revenue

During 2002/2003 a Notice Application Fee, Land Sales Data Fee and Farm Ownership Fee generated $104,100 in revenue and accounts receivable.

Revenues	2000/2001 (000s)	2001/2002 (000s)	2002/2003 (000s)
Notice Application Fee and Accounts Receivable	94.7	72.3	71.8
Land Sales Data Fee and Accounts Receivable	39.6	41.6	29.1
Farm Ownership Application Fee and Accounts Receivable	16.6	5.6	3.2
Total	150.9	119.5	104.1

Land Sale Data web promotion reduced revenues in the 2002/03 fiscal year. Land Sale Data revenues are expected to increase to $40,000 in the 2003/04 fiscal year. Land Sales revenues allocated to Systems in 2002/03 fiscal year, previously allocated to Farm Ownership.

Program Objectives, Activities and Impacts

Expenditures

A budget of $910,000 was provided to the Farm Land Security Board in the 2002/2003 fiscal year. Expenditures and accounts payable for the year were $782,900. The Board supervised a workforce of 7.4 Full Time Equivalent employees and 30 contract field consultants.

Expenditures	2000/2001 (000s)		2001/2002 (000s)		2002/2003	
Admin/Board						
Salaries	196.9		205.0		159.8	
Other Expenses	66.6		39.1		31.3	
		263.5		**244.1**		**191.1**
Part II/III						
Salaries	90.6		94.0		95.4	
Other Expenses	373.9		279.1		247.8	
Accounts Payable	26.2		15.8		13.8	
		490.7		**388.9**		**357.0**
Part VI						
Salaries	112.6		91.0		76.6	
Other Expenses			4.8		2.4	
		121.6		**95.8**		**79.0**
Systems						
Salaries	N/A		N/A		52.1	
Other Expenses	N/A		N/A		103.7	
		N/A		**N/A**		**155.8**
Totals						
Salaries	400.1		390.0		383.9	
Other Expenses	449.5		323.0		385.2	
Accounts Payable	26.2		15.8		13.8	
		875.8		**728.8**		**782.9**

Systems includes ISC fees ($75,000) and Web development/maintenance ($20,000). All systems expenditures allocated to Administration in previous years.